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## UNITED STATES DEPARTMENT OF AGRICULTURE

## Bureau of Agricultural Economics

USES BEING MADE BY RURAL FAMILIES OF  
INCREASED WARTIME INCOMES

Summarized by Arthur Raper

Based on current field reports  
made by professionally trained  
observers in a national sample  
of 71 counties.

Observations completed in 71 counties throughout the country in the closing months of 1945 show that rural families have greatly reduced their indebtedness during the war, that they are financing more of their farming operations with their own funds than before the war, that they are improving their general living conditions, and that the majority of them have accumulated wartime savings.

Wartime savings of most rural families are in bank deposits and war bonds, with a considerable amount of them informally earmarked for specific purchases or as a backlog against hard times.

At present, the main expected future uses of these savings clearly center around the purchases of power-driven farm machinery; automobiles and trucks; household furnishings and conveniences, especially electricity and electrical appliances; and the structural improvements of farm dwellings and other farm buildings.

These generalized conditions often vary from one part of the country to another, and for the different income groups within the same area. The following pages show the broad similarities and differences in the increased rural incomes and savings in a national sample consisting of 71 counties representative of the 8 major type-farming areas <sup>1/</sup> of the country.

I. Incomes and Savings of Rural Families at High Level

In every one of the sample counties the incomes of all types of rural families were higher during the war than before it. Within the last 5 years the number of rural bank depositors increased in each of the sample counties, the increase ranging from 20 percent to 100 percent. The increase in bank deposits ranged from 50 percent to 500 percent, <sup>2/</sup> and the value of war bonds bought by

- <sup>1/</sup> Dairy Belt, Cotton Belt, Corn Belt, Wheat Belt, General and Self-Sufficing Areas, Range-Livestock Area, Western Specialty Crop Areas, and all others.
- <sup>2/</sup> One of the greatest percentage increases in bank deposits occurred in Humphreys County, Tennessee, where farmers have deposited a great deal of money paid them by TVA for acreage that had been inundated by the erection of a nearby dam.



rural families in many counties exceeded their bank deposits. Postal savings, too, showed marked increases in most counties, <sup>3/</sup> though total amounts involved and relative increases during the period were regularly smaller than for the banks. In a number of sample counties, especially in the southern mountain areas and where there are large groups of foreign-language families, it is generally reported by local people that considerable amounts of cash are kept at home or are stored away in safety deposit boxes at the bank.

Largest Savings in Corn Belt; Smallest in Cotton Belt. The largest increases in bank deposits and the largest purchases of war bonds per family occurred in the Corn Belt, where practically all families have wartime savings, and where per capita bank deposits and bond purchases of rural families often exceed those of the urban families. Ranking next to the Corn Belt counties in per capita savings are, in order, those in the Wheat Belt, the Dairy Belt, and the Western Specialty Crop and Range-Livestock Areas.

The smallest increases of bank deposits and the smallest purchases of war bonds occurred in the Cotton Belt counties, where a large proportion of the rural families have accumulated no savings. Within the southern area the families in counties where tobacco is important have more savings than in the all-cotton counties. In all southern counties - cotton or tobacco - most of the larger and medium-sized landowners have savings, whereas most of the smallest owners, tenants, sharecroppers, and hired farm workers have "lived up" their increased income as it has come along.

The savings of rural families in the counties in the General and Self-Sufficing Areas were somewhat larger and more widespread than in the Cotton Belt, but below that of any of the other major type-of-farming areas.

Savings of Farm Owners, Tenants, Sharecroppers, and Hired Farm Workers. Savings are generally reported to be relatively greatest among the largest full-time farmers, least among the small farmers - whether owners in marginal land areas, or part-time farmers, tenants, or sharecroppers - and hired farm workers. Some important exceptions to the general situation are that in some of the counties in the Corn and Wheat Belts, savings of large tenant operators exceeded those of most owner-operators; in most of the counties that are readily accessible to industrial and troop-training centers the savings of part-time farmers and of families where the wife or daughter commuted to factory employment often exceeded the savings of the local full-time farmers. In one California county it was estimated that over a third of the hired farm workers had accumulated some wartime savings.

Dependency allotments from sons in the armed service. Many of the lower-income families who had accumulated savings in the Cotton Belt, in the General and Self-Sufficing Areas, and to a smaller degree among the migrant farm labor families of the Western-Specialty Crop Area have received allotment checks from some member of the family in the armed forces. Into all three of these areas have come returning war workers, a few of them with considerable savings.

## II. Increased Incomes Used to Pay Debts, Make Cash Purchases, and Improve Living Conditions

Payment of debts has been the single greatest use rural people have made of

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<sup>3/</sup> A few of the sample counties had no postal savings accounts.



their increased incomes in recent years. A complete picture of the farmers' economic gains during the war period therefore should include, in addition to savings in bank deposits and war bonds and cash, the increased rate at which long-time mortgage indebtedness has been retired.

The greatest retirement of mortgage indebtedness has occurred in the Corn and Wheat counties that have the greatest per capita savings, though usually not by the same families. Farmers with mortgage loans, at from 4 to 6 percent interest, naturally get rid of most of these loans before they buy many war bonds which pay only half that much interest.

Mortgage Indebtedness Being Rapidly Retired. Bankers and agents of insurance companies in all counties report that farm people within recent years have been repaying loans much faster than usual, and that more of them are out of debt than ever before. Typical county situations are as follows: A courthouse official in a winter Wheat county said "95 percent of the farmers now have their abstracts back"; while the National Farm Loan Association that held 170 farms 5 years ago in a spring Wheat county now has none; in a Corn Belt county 57 percent of the farm loans at one bank were paid in 1944; a rural mail carrier in an Eastern tobacco county has heard several farmers, referring to the payment of the mortgages on their farms, say, "I'm living at home for the first time in 10 (or 15 or 30) years." Tax collectors generally report the smallest amount of delinquent taxes on record, while FSA officials in nearly all counties say that most or all Farm Ownership clients are ahead of schedule in their payments.

"Uncollectable" Rural Debts at An All-Time Low. All sorts of short-time obligations have been cleaned up by rural people everywhere. In almost any community of any one of the sample counties, a doctor or a merchant may be heard telling of the settlement in full of some account that he had earlier thought worthless.

There are still some uncollectable rural debts of course but it seems that they are everywhere at an all-time low.

Cash Purchases Have Increased. Next after the payment of debts by all groups of rural dwellers has been the increased use they have made of their larger earnings for cash financing of farming operations. The increased incomes during the war greatly reduced the number of farmers requiring crop financing though in many sample counties, especially in the Cotton Belt, there is still a substantial volume of such financing.

Increased Incomes Used to Improve Farms. A common use of wartime incomes by the larger farm operators has been to increase the investment in their farming enterprises, particularly through the purchase in all areas of power-driven labor-saving farm machinery, the expansion especially in the Wheat and Corn Belts of acreage operations, and the further improvement in nearly all counties of livestock breeds.

Many of the smaller landowners and independent tenants have bought horse-drawn farm implements, made purchases for their households, used better foods, and bought better clothes for themselves than before. Soil-building practices



have been expanded. And some families in the last two or three years have been able to put a daughter in college for the first time.

Low-Income Families Improve Their Living Conditions. After paying off debts and making more cash purchases, the next largest use made of increased incomes by low-income families <sup>4/</sup> has been the raising of their level of living in all counties through the purchases of more, and often better, foods and clothing, and in most counties through the improvement of their living quarters. Merchants readily comment on the changing food and clothing habits of these families, who sometimes have had no other readily available means of using their cash income. Several informants mention that these expenditures of low-income families would have been greatly reduced if automobiles had been for sale.

Merchants and furniture dealers everywhere report the fairly recent purchase of great numbers of cooking utensils, dishes, linoleum, chairs, beds, and other basic items of furniture. Low-income families, when their earnings increased, also spent money to make their houses more comfortable.

Rationing during the war, coupled as it was with increased incomes, meant that numerous low-income families looked upon rationing as a patriotic opportunity to buy for the first time in their lives their full share of food and clothing. Many families got a more concrete notion about what the Government thought families were supposed to eat and wear than they ever had before. As one Alabama sharecropper put it, "We likes our rightful part as set down by the Washington Government." A migrant farm worker on the other side of the continent expressed it this way: "We get more sugar and shoes than ever, since rationing come." Low-income families are generally pleased with their new levels of food and clothing, and will hold on to them if they can.

California Farm Laborers Improve Their Houses. Low-income farm-labor families in the sample counties on the West Coast are especially interested in improving their housing situation. From their meager savings and current earnings, many are buying small lots in farm-labor community settlements. <sup>5/</sup> Some are building small new houses as they get the money and have the time to work on them, while others are adding a room or a hall to the cabin they already have. These alterations are often made with odds and ends.

New rural houses are reported in an eastern county where small-acreage tobacco farming has been very profitable recently, and in a Louisiana parish where, despite present overcrowding of the land by French families, many three- to five-room rural houses have been built lately and others are now under construction to accomodate returning veterans and war workers. In a cut-over

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<sup>4/</sup> Low-income rural families without savings are concentrated in the sample counties of the southern part of the Western Specialty Crop Area and Range-Livestock Area, the General and Self-Sufficing Area, the Cotton Belt, and in scattered smaller areas such as the Great Lakes Cut-Over and a few areas in the Northeastern States and in the tide-water section of the South Atlantic and Gulf Coast States.

<sup>5/</sup> Reports from California counties also show that a number of Mexican Nationals have built small houses back in Mexico with the farm wages they earned above the Border, and that others send much of their earnings back home to kinsmen.



county in northern Wisconsin, it is reported that two-fifths of the rural houses are either now undergoing renovation or have been repaired within recent months.

Least Improvement Found in Tenant Houses in Cotton South. Less substantial repairs on the rural dwellings of low-income families are common, especially in the areas occupied by marginal landowners and the more independent tenants. The least improvements in the dwellings of low-income families are reported in the plantation areas of the Cotton Belt, with the exception of a county in the heart of the fertile Yazoo-Mississippi Delta where many plantation owners made considerable improvements in their tenant houses early in the war in an effort to hold their laborers. The most noticeable change in most of the remainder of the counties in the Cotton Belt is the application of red or brown composition brick siding to unpainted tenant houses.

A few farm laborers have used their savings to become farm tenants, and some tenants have applied their earnings toward farm ownership. Here and there during the prosperous war years one has now paid for his farm in full.

Most Full-Time Farmers are Holding on to Wartime Savings. Practically all county reports show that the upper-income full-time families with the most savings in bank deposits and war bonds are holding on to most of their savings, whereas most of the part-time farmers, except in New England, are said to be cashing most of their bonds, bought through pay roll deductions, shortly after they get them.

From each of four widely scattered counties that had relatively poor crops in 1945 came the report that farmers who had savings were glad they had held on to them, as the savings now help out most conveniently. Many farmers think that, above all else, the wartime savings should serve as a backlog against any hard times for farmers that may lie ahead.

### III. Rural Wartime Savings Expected to Raise Level of Living

Rural families who have savings expect to raise their level of living, or at least to make certain that for some time they do not drop below their present level. Families with savings are rather slow to make purchases now, even when goods are on sale. Many think that the present products are not so good as may be available later.

Savings as a Backlog against "Rainy Days" and "Dry Years". Except for the purchases of specific items for which given amounts of savings may be already earmarked, many farmers would like to make the bulk of their purchases with current earnings, which they hope will remain about where they are now. They would like to hold on to most of the savings they now have against what the farmers in the wooded parts of the country speak of as "a rainy day", and in the grassland areas as "a dry year".

It now appears that the over-all use of wartime savings in the sample counties will be broadly in this order: for farm machinery, automobiles and trucks, household furnishings and conveniences, structural improvement of farm dwellings and other farm buildings, and miscellaneous expenditures. This general



order will vary by type-of-farming area. There may be less emphasis on farm machinery and more emphasis on general home improvement in the General and Self-Sufficing Area; in the Wheat Belt structural house improvement may come first, and in the Cotton Belt automobiles will certainly come ahead of machinery though in a few sample Cotton counties machinery will probably rank first.

Purchase of Farm Machinery, particularly power-driven labor-saving machinery, will in most counties take the largest part of expended wartime savings. Most common purchases will be of tractors, combines, corn pickers, pick-up hay balers, field ensilage cutters, milking machines. Many of the newer machines, such as sugar beet harvesters, potato diggers, cotton pickers, cane cutters will also be bought.

From a few counties, particularly in the Midwest, come reports that farmers may buy too much machinery in an effort to make certain that they have plenty of good machinery during any depression or disruption of machinery production that might lie ahead.

As the mechanical cotton picker is one of the newest of the basic farm machines, it is interesting that over a score of these machines are now wanted in one sample county in the Yazoo-Mississippi Delta according to these reports, a half dozen or more are wanted in three others, and that one or more farmers in most of the other nine sample counties in the Cotton Belt expect to buy mechanical pickers when they are available. As now planned several of these will be used chiefly on a custom work basis.

Automobiles and Farm Trucks. Practically everywhere a rural family that has savings is looking forward to a new automobile within the next couple of years, while most of the lower-income families, even though they have little or no savings, are hoping to get second-hand cars from their current incomes.

Farm trucks are greatly wanted in practically all counties, especially in the grain, livestock, and vegetable areas.

Modern Household Conveniences. Rural families who can afford it are planning to put in more home conveniences, often involving the extension of rural electric lines and the purchase of electrical appliances. In the Middle West especially, farm families with the largest savings look forward to having the conveniences that are generally available in cities - central heat, automatic hot water, telephone, electricity, and an all-weather road to the door. Not much less are the expectations of the larger dairy farmers, the larger wheat farmers, and the larger operators in the Western Specialty Crop Areas. Many of the big ranchmen in the thinly populated Range-Livestock Area expect to improve their already well-equipped ranch houses. Some hope to replace their own power plants with the expanding REA service. Others who live in remote places plan to install more modern home units.

Except for the use of increased incomes for the payment of debts, the thing most frequently mentioned in the reports from the sample counties is the anticipated expansion of the rural electrification services - with the specific mention of the REA in practically all counties in all areas, except in New England and a few counties on the West Coast. Many farm families, not



thinking of the uses they may make of their earnings, are aware that certain home improvements can be used to increase the farm income. Purchases of electrical appliances are now expected by the rural families in about this order: refrigerators, washing machines, irons, radios, deep freezer units, brooders, churns.

Structural Improvement of Farm Dwellings and Other Farm Buildings. Relatively few new houses on farms are now planned except in the Wheat Belt and in the southern counties of the Western Specialty Crop Areas. Here new houses are wanted to replace the rather temporary present structures. As now anticipated, some of the most modern conveniences will be included along with construction - central heat and running water in the better houses in the colder northern areas, and air-conditioning and running water in the better ones in the sample counties in California, especially in the southernmost county, Imperial. New rural houses are also being planned for the reclaimed swamplands of the Mississippi Delta, and in the already thickly settled French parishes of central and southern Louisiana.

A few big farm operators in the southern part of the Western Specialty Crop Area, in the inter-mountain beet area, in the tobacco section of Kentucky, and in the Yazoo-Mississippi Delta are talking about the desirability of improving living quarters for farm laborers as a good investment toward the stabilization of the farm-labor supply.

New rural houses for tourist purposes are mentioned in scattered sample counties - one in western North Carolina, one in west-central Tennessee, where a TVA dam is being built, three in New England, one in Florida, and two in southern California.

In most of the sample counties attention will be given primarily to the repairing and modernizing of farm dwellings now in use. Scattered new farm dwellings, of course, are planned in almost all of the sample counties, while dwellings for rural nonfarm families will be common in most of the counties that have an urban center of any size in or near them.

New and enlarged barns and other farm buildings are wanted to maintain and expand the farm plant. Long-neglected fences will be repaired, drainage ditches will be put in order, and in the Midwest strict weed control will be resumed.

Wartime Savings - A Means of Getting Wanted Things. Other planned expenditures of savings include the expansion of some farming operations to achieve an "economic unit", or to be doing bigger business; the retirement of an occasional farmer, especially in the Midwest; the further improvement of livestock breeds; increased higher educational opportunities for children, and more travel and vacations for the whole family.

In conclusion, rural-farm families of all kinds, whether they have accumulated wartime savings or not, appreciate their increased earnings which have given them the opportunity, as one woman put it, "to get some of the things we've always wanted."



THESE ARE THE FIRST TWO VOLUMES OF THE HISTORY OF THE UNITED STATES OF AMERICA, AS WRITTEN BY THE REV. JOHN ADAMS, ESQ. OF BRISTOL, MASSACHUSETTS. THE FIRST VOLUME CONTAINS THE HISTORY FROM 1776 TO 1789, AND THE SECOND VOLUME CONTAINS THE HISTORY FROM 1789 TO 1800.

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